



U.S. TRADE AND DEVELOPMENT AGENCY

U.S. Business Guide to USTDA



“Cultures must preserve their unique values. Yet, everywhere — East and West, North and South — there is a model of successful development, a market economy trading with the world that respects human rights and the rule of law.

Every nation that adopts this vision will find in America a trading partner, an investor, and a friend.”

PRESIDENT GEORGE W. BUSH
OCTOBER 29, 2001

OUR MISSION



Thelma J. Askey, Director
U.S. Trade and Development Agency

The U.S. Trade and Development Agency (USTDA) promotes American private sector participation in developing and middle-income countries, with special emphasis on economic sectors that represent significant U.S. export potential. Through funding a variety of activities, USTDA helps U.S. businesses compete for infrastructure and capacity building projects in emerging markets and supports U.S. policy objectives.

USTDA assists in building mutually beneficial partnerships between American companies and overseas project sponsors, which result in increased U.S. exports and jobs and the completion of high quality, successful projects in host countries.



What is USTDA?

USTDA is an independent U.S. Government agency, funded by the U.S. Congress, and a part of the U.S. Government's trade finance team.

What are USTDA's objectives?

Our aim is a win-win scenario: We help American businesses export their products, thereby creating jobs, while simultaneously promoting economic growth in developing and middle-income countries. In addition, USTDA supports U.S. policy objectives related to development and capacity building through various activities including technical assistance. Since 1981, USTDA has been associated with more than \$19 billion in exports—or over \$35 in exports for every dollar invested in our activities.

What types of projects does USTDA support?

USTDA provides grant funding for the completion of a variety of project planning activities. USTDA-funded studies help determine a project's technical, economic, and financial feasibility. USTDA studies also help to promote environmentally sound project development at an early stage.

While USTDA projects span a wide variety of sectors, many focus on energy and power, mining and minerals development, telecommunications, information technology, environmental infrastructure and services, health care, and transportation, including aviation. USTDA also provides technical assistance and training in support of project activity or capacity-building efforts.

What are the requirements for USTDA funding?

For funding consideration, projects must:

- Be likely to receive implementation financing and have a procurement process that provides “equal access” to U.S. firms;
- Represent an opportunity for sales of U.S. goods and services that is many times greater than the initial investment of USTDA assistance;
- Be a development priority of the country where the project is located; and
- Face strong competition from foreign companies that may receive subsidies and other support from their governments.

With whom does USTDA work?

USTDA provides grants or other types of financial and policy assistance directly to overseas public and private project sponsors who, in turn, select U.S. companies to conduct the feasibility studies. USTDA also works with governments on certain technical assistance and capacity-building issues.

USTDA is open for business in more than one hundred countries around the world. In certain nations, statutory, resource and policy constraints limit the availability of USTDA programs. Contact USTDA directly to determine the status of possible assistance in your area of interest.

What types of activities does USTDA support?

USTDA accomplishes its mission through supporting early project planning activities, which include definitional missions and desk studies, technical assistance, feasibility and specialized studies, and the organization of orientation visits and conferences.

DEFINITIONAL MISSIONS & DESK STUDIES

Before USTDA provides project specific grant assistance, it requires independent evaluation of the proposal. Teams of technical specialists, all of whom are small U.S. businesses, are hired by USTDA to gather additional information on a project and provide these reports. Desk studies provide quick analysis and are conducted in the United States. By contrast, definitional missions provide a more detailed evaluation and involve traveling to the region in question.

TECHNICAL ASSISTANCE

USTDA funds technical assistance to project sponsors related to the evaluation or implementation of projects. In some instances, USTDA also offers funding to foreign governments for technical assistance that supports capacity-building initiatives and the implementation of trade agreements that may lead to increased U.S. exports.

FEASIBILITY STUDIES

Feasibility studies evaluate the technical, financial, legal, and economic aspects of a development project in the pre-investment stage. Since this information is required to assess the credit worthiness of a project before it can proceed, USTDA feasibility studies provide American firms with the opportunity to get in on the “ground floor.”

USTDA-funded feasibility studies also advise project sponsors of specific U.S. equipment and services. This information may lead to U.S. exports.

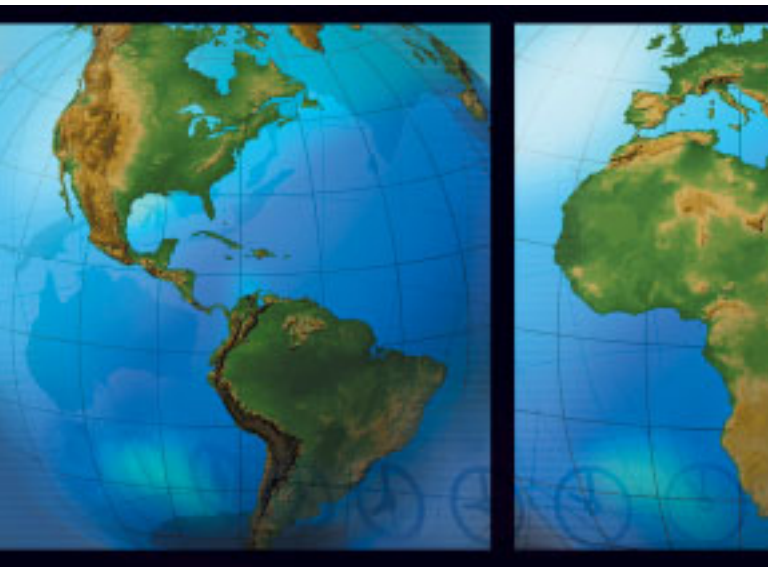
ORIENTATION VISITS

Orientation visits, sometimes referred to as reverse trade missions, offer U.S. suppliers an opportunity to showcase their products to foreign procurement officials. USTDA sponsors visits to the United States by foreign officials interested in purchasing American goods and services for specific projects.

CONFERENCES

USTDA conferences provide U.S. firms with face-to-face contact with key procurement officials and decision makers. These results driven events build business relationships by familiarizing project sponsors with U.S. goods and services, and informing U.S. companies about specific upcoming export opportunities.





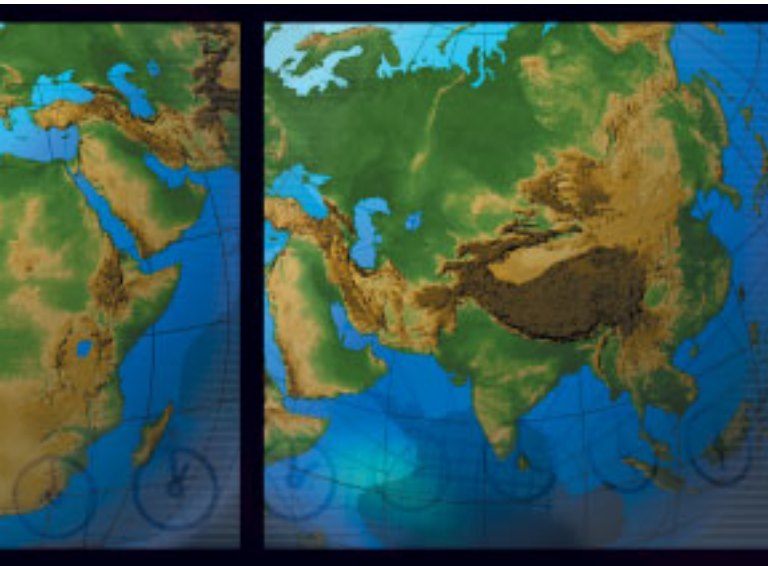
How much money is available?

Each year, USTDA funds approximately 125 feasibility studies. The average USTDA grant is \$400,000. However, grants have been as large as \$1 million. Typically, a USTDA grant represents about 1–2 percent of the estimated U.S. export potential for the project.

On average, contracts to perform desk studies range from \$2,500–\$5,000 and definitional missions range from \$25,000–\$35,000.

What is the average timeline for USTDA approval of a feasibility study grant?

It depends on the complexity of the project and quality of the supporting documentation. If the project has merit, USTDA moves as quickly as possible to launch a Desk Study or Definitional Mission. These evaluations typically take several weeks to several months to complete. USTDA reviews a report immediately upon its completion and a decision is rendered on whether to move forward.



How does the approval process work?

Because of its focused mission, USTDA considers development projects that have the potential to create significant U.S. export opportunities and jobs.

USTDA's due diligence review of a proposal involves two steps. First, USTDA staff conducts an internal review to determine whether the proposal satisfies basic requirements. Second, proposals that satisfy this internal analysis are then reviewed by a U.S. technical specialist or desk study contractor.

Because of the high demand for USTDA funding, not all projects that meet USTDA funding criteria can be supported.

How does the grant process work?

If USTDA approves funding for an activity, it signs a Grant Agreement with the foreign project sponsor (the Grantee). The Grantee then signs a contract with the U.S. company it selects to conduct the study. Both the Grant Agreement and the contract contain the Terms of Reference that outline the parameters of the study.

How is a project brought to USTDA for consideration?

To formally initiate USTDA consideration of a project, the foreign project sponsor must direct its request to USTDA. In cases where a specific U.S. company has been identified by the project sponsor as a partner or preferred supplier on the project, the U.S. company should be involved in developing and presenting the proposal to USTDA. There is no set deadline for proposal presentations.

Is there any cost-sharing or reimbursement required?

USTDA welcomes sole source proposals. However, these may require cost-sharing. In the event of a sole source proposal, USTDA only partially covers the cost of the feasibility study, with the remainder of the cost being borne by the U.S. company. USTDA's contribution varies according to a number of factors, including



the size of the company, the costs the company has incurred in developing the project, and the risks associated with the project. In addition, USTDA usually requires the company to reimburse part or all of USTDA's funding if the project is implemented and the company achieves substantial economic benefit. These commitments are included in a letter agreement between USTDA and the company.

Where is USTDA located?

USTDA is headquartered in the Washington, D.C. area in downtown Arlington, Virginia. In addition, USTDA has representatives in Turkey, Croatia, South Africa and Thailand to promote the Agency's program throughout Eurasia, Southeast Europe, Africa and the Asia-Pacific region.

How can small businesses learn about opportunities from USTDA?

In addition to FedBizOpps (www.fedbizopps.gov), the *USTDA Pipeline*, a biweekly publication, is your best source to learn about USTDA activities including conferences, definitional missions, feasibility studies, and orientation visits. The *Pipeline* is available on our website at www.tda.gov. USTDA also has a 24 hour hotline that lists Definitional Mission opportunities (703-875-7447).

How do I contact USTDA?

To contact the appropriate Regional Director or Country Manager at USTDA, you can call 703-875-4357, fax 703-875-4009, email info@tda.gov or you can visit our web site at www.tda.gov.

What is USTDA's relationship with International Financing Institutions and Multilateral Development Banks?

USTDA maintains trust funds at four multilateral development banks (MDBs): The International Finance Corporation; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and its private sector arm, the Inter-American Investment Corporation. USTDA also works closely with the World Bank, the African Development Bank and the Asian Development Bank.

These funds can be used by the banks for technical assistance or feasibility studies. Since MDBs finance many of the capital projects in the developing world, USTDA's close relationship with them is advantageous for the U.S. business community. In addition to the valuable project information that is gained through the MDBs, working on bank projects ensures that a potential funding source has been identified.

How does USTDA work with other Trade Promotion Agencies?

USTDA learns of many viable public and private sector projects from the Commerce Department's Commercial Service and the State Department's economic and commercial officers. USTDA works closely with these agencies to identify projects and gauge the likelihood of their implementation.

USTDA-funded feasibility studies often are used by the Overseas Private Investment Corporation (OPIC) and the Export-Import Bank of the United States (Ex-Im). USTDA-funded studies often are focused on meeting OPIC and Ex-Im Bank requirements.

What other U.S. Government Trade Partners can I contact?

- Overseas Private Investment Corporation
www.opic.gov
- Export-Import Bank of the United States
www.exim.gov
- U.S. & Foreign Commercial Service
www.usatrade.gov
- U.S. Department of Commerce,
International Trade Administration
www.ita.doc.gov



USTDA is headquartered
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“Open trade fuels the engine of economic growth...creates new jobs and new income in the United States and around the world...

America will lead— toward freer trade, toward wider and more lasting prosperity for ourselves and for the world.”

PRESIDENT GEORGE W. BUSH



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